

## **Voluntary Separation Incentive Pay (VSIP) Phase II**

VSIP is one of the most successful tools employed by the Department for reducing our civilian workforce; however, most incentives have been paid at activities that are closing or being downsized significantly. In an effort to increase VSIP use, the Department developed and implemented VSIP Phase II in May of 1994. The expanded program allows the use of VSIP at non-downsizing activities. This overview is intended to provide information on current program guidance, which will eventually be published in Subchapter 1702 of the DoD Civilian Personnel Manual (DoD 1400.25-M).

Through the VSIP Phase II, non-downsizing activities can create vacancies to place surplus employees from other activities. VSIP costs and PCS costs, if any, are paid by the downsizing activity. The program is particularly helpful to closing or heavily downsizing activities that have no placement opportunities left within their own workforce. However, VSIP Phase II also provides two major benefits to non-downsizing activities:

- It allows activities to offer incentives to employees who (because their own activities are not downsizing) would normally not be able to take advantage of VSIP.
- It provides activities with an opportunity to reshape their workforce. Reshaping is possible, because although activities must place an VSIP Phase II registrant in the vacancy created by the incentive taker, they can restructure the position to another series and/or grade.

VSIP Phase II is operated through the PPP under program guidance issued on May 9, 1994, which is attached below. All participants must be registered in Program A as Priority 1 registrants who have not yet been separated. Adding one of the following VSIP codes to the Program A registration activates referral under VSIP Phase II:

01	Registrants who are within 120 days of separation and who have either received a RIF separation notice or are scheduled to receive such a notice.
02	Registrants who have not received a RIF separation notice and/or are not within 120 days of separation, but have been approved for referral to all Components by the Component and CARE Coordinators.
03	Same as 02 above except approval is required by Component Coordinator only and referral is restricted to the same Component.

All DoD activities, unless they have an exception from their PPP Component Coordinator, are required to monitor the VSIP Skills List on the Automated Stopper and Referral System (ASARS) web site to determine whether VSIP participants are registered

for placement for their activity. If a match occurs, activities must determine whether they have any employees in the appropriate series and grade wishing to take VSIP. The activity with the prospective VSIP taker than works with the activity supporting the surplus employee to decide if the employee is fully qualified and, if so, to make the VSIP offer and placement arrangements.

For each voluntary early retirement, the individual retirement record (Standard Form 2806 for CSRS or Standard Form 3100 for FERS) must show the appropriate CSRS or FERS authority. A statement similar to the following should appear on the last line used for the service history portion of the form: RET 5 U.S.C. 8336(d)(2), or RET 5 U.S.C. 8414(b)(1)(B); OPM Authority Number\*.

Standard Forms 50 used to separate employees who are retiring under this authority must use the appropriate nature of action codes:

<b><u>Block</u></b>	<b><u>Code-CSRS</u></b>	<b><u>Code-FERS</u></b>
5-A	303	303
5-B	Retirement-Special Option	Retirement-Special Option
5-C	V3P	USM
5-D	5 U.S.C. 8336(d)(2) RIF (CSRS)	PL 99-335
5-E	AZM	AZM
5-F	OPM Auth No.*	OPM Auth No.*

\* New authority number is provided annually.

If after reading this information and the May 9, 1994 guidance, you have any questions, please contact your CARE Program Coordinator.